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INFORMATION REPORT

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COUNTRY Austria/USSR

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SUBJECT Recent Developments in A/O Avtovelo,
Automotive and Fine Mechanics Department
of USIA

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25X1 Trend of USIA's Business

1. During May 1950 when many Austrian firms suffered a critical shortage of cash and credits, USIA's business came virtually to a standstill. (1) It is reported that firms supervised by USIA's Metallurgical and Coal Administration and A/O Avtovelo, Automotive and Fine Mechanics Department of USIA, were particularly hard hit. In order to relieve the A/O Avtovelo Sales and Purchasing Office of its present deficit, USIA officials have decided to transfer its current debts back to the individual USIA firm concerned. Apart from this measure it is also reported that USIA officials hope the A/O Avtovelo Department will be financially solvent within the next few weeks when the Soviets accept delivery of 3,316,200 schillings worth of USIA products which are now awaiting shipment to the Soviet Union.

2. The following cases are cited as illustrative of the current trend of USIA's business:

a. The Steyr-Daimler Puch A.G. Repair Shop has initiated an advertising campaign to get rid of five buses which it has been trying to sell for several months. In an attempt to promote this firm's business, Punin, chief bookkeeper of A/O Avtovelo, is preparing to send Engr. Dobias and another salesman from the Sales and Purchasing Office to Pilsen or Prague to confer with Skoda officials regarding prospects for an arrangement whereby USIA firms will handle the assembly of Skoda vehicles in Austria. (2) Punin hopes to conclude an agreement with Skoda

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c. USIA has finally decided to close the "Auwerk" Gebrüder Eichenauer Stahlwarenfabrik plant in Hainfeld and Auwerk employees have already received advance termination notices. (3) Meanwhile USIA has not only slashed its prices but it is also offering large rebates on surplus stocks of "Auwerk" razor blades and some inferior products of the USIA-controlled Peter Ginzler.

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f. During this past month Kromag A.G. has been working on a Soviet order of 20 rope winches; Rax Werk G.m.b.H. was also busy on a Soviet order for 70 winches. In addition, Kromag A.G. now has Soviet orders for 10 to 15 millimeter twist drills which will keep this USIA firm operating at top capacity for the next five months.

Foreign Trade

3. During recent weeks Mariendorfer of USIA's Central Commercial Bureau has been studying plans for promoting the foreign trade of USIA firms which have difficulty selling their products in Austria. Mariendorfer has initiated negotiations with "Almag", an East German export-import firm, regarding outlets for products manufactured by A/O Avtovelo firms.
4. Meanwhile the A/O Avtovelo Sales and Purchasing Office is now negotiating the following transactions:
 - a. This office is trying to sell 10 ambulances (Rettungswagen) and 1,100,000 "Auwerk" razor blades to the Rumanian Trade Delegation which is particularly interested in purchasing an unspecified number of railway section cars.
 - b. Mopfert N.V., Budapest, Szefi utca 5, has advised the A/O Avtovelo Sales and Purchasing Office that it wishes to purchase five Austro-Fiat trucks and an unknown number of hydraulic dump trucks which are manufactured by Wiener Brueckenbau-u. Eisenkonstruktionen A.G. USIA originally asked for payment in schillings. The Hungarians, however, are offering as compensation the following types of sheet glass:

Additional Centimeters (sic)

Glass 4 mm thick
Price in Austrian schillings
per square meter

330	54
370	59.80
410	65.80

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<u>Strength Category</u>	<u>Glass 4-5 mm thick - Price in Austrian schillings per square meter</u>	<u>Glass 5-6 mm thick - Price in Austrian schillings per square meter</u>	<u>Glass 6-7 mm thick - Price in Austrian schillings per square meter</u>
0.45	46.60	51.30	59.00
0.65	50.80	55.43	63.74
0.93	59.20	66.38	76.34
1.41	62.30	70.18	80.71
2.31	65.70	72.40	83.26
4.65	68.10	76.59	88.08
6.96	74.67	83.14	95.61
9.30	98.90	99.50	114.42

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(4) Comment: It should be noted that the prices quoted by the Hungarians are slightly lower than those of the USIA-controlled Brunner Glasfabrik.

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